

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for verification, consolidation, and approval of costs and revenues in the transition revenue account.

Application 98-07-003
(Filed July 1, 1998)

In the Matter of The Revenue Adjustment Proceeding (RAP) application of San Diego Gas and Electric Company (U 902-E) for approval of 1) Consolidated changes in 1999 authorized revenue and revised rate components; 2) the CTC rate component and associated headroom calculations; 3) RGTCOMA balances; 4) PX credit computations; 5) disposition of various balancing/memorandum accounts; and 6) electric revenue allocation and rate design changes.

Application 98-07-006
(Filed July 1, 1998)

Application of Southern California Edison Company (U 338-E) to: 1) consolidate authorized rates and revenue requirements; 2) verify residual competition transition charge revenues; 3) review and dispose of amounts in various balancing and memorandum accounts; 4) verify regulatory balances transferred to the transition cost balancing account on January 1, 1998; and 5) propose rate recovery for Santa Catalina Island diesel fuel costs.

Application 98-07-026
(Filed July 1, 1998; Petition
for Modification filed
January 25, 2001)

**ASSIGNED COMMISSIONER'S RULING
REGARDING COMMENTS ON CERTAIN DIRECT ACCESS ISSUES**

By Decision (D.) 01-09-060, the Commission issued an interim order that suspended the right to enter into new contracts or agreements for direct access after September 20, 2001. Previously, in the June 15 and August 27 Draft Decisions of ALJ Barnett, the Commission indicated to all parties that it would suspend the right to enter into new contracts or agreements for direct access on July 1, 2001. However, in D.01-09-060, the Commission left for subsequent consideration and decision issues surrounding the effect to be given to contracts executed or agreements entered on or before September 20, 2001, including renewals of such contracts or agreements. (D.01-09-060, pp. 8, 10 [Conclusion of Law 4] & 13 [Ordering Paragraph 9].)

Also, there are serious policy concerns about cost-shifting. If customers are allowed to switch to direct access, there is a potential for these exiting customers to avoid helping to pay down “the unprecedented debt incurred by the State to help weather the energy crisis.” (See D.01-09-060, p. 6.) It is noted that statistics from the utilities’ monthly filings (see attached Appendix A)¹ show that commencing on or about July 1, 2001, there has been an increase in customers switching to direct access. This information further highlights the concerns about cost-shifting and the need to minimize the significant impacts to

¹ The information contained in Appendix A is taken from Statewide Summaries in the Direct Access Implementation Activities Reports from January 15, 2001 to October 15, 2001, that is publicly available on the CPUC website. The summaries were produced from information filed by the utilities on a monthly basis. (See Opinion Extending Certain Monthly Reporting Requirements [D.00-12-036] (2000) ___ Cal.P.U.C.2d ___.)

bundled electric customers who will likely be left with more costs.² These cost-shifting issues are part of the Commission's consideration in determining whether there should be an earlier suspension date and what this date should be.

Accordingly, in this Assigned Commissioner's Ruling, the following issues are presented for comment by interested parties:

1. Why should or shouldn't the Commission choose an earlier date (than after September 20, 2001) for suspending the right to acquire direct access service?
2. If the Commission should choose an earlier date, why should or shouldn't the Commission consider the July 1, 2001 suspension as set forth in the June 15 and August 27 Draft Decisions of ALJ Barnett? If not July 1, 2001, what other date or dates should the Commission consider and why?
3. Are there alternatives to suspending direct access as of a date before September 20, 2001, that would still alleviate cost-shifting problems? What are the pros and cons of these alternatives? Can the Commission adopt any such proposed alternative without new legislation?
4. What effect, if any, should be given to renewals of contracts originally entered into prior to the effective date of the Commission's suspension of direct access?
5. What effect, if any, should be given to provisions in contracts ("add-on provisions") that allow the buyer to add more facilities to be served after the date on which direct access is suspended?
6. Are there any other types of contract provisions that the Commission should consider in terms of applying the suspension

² The general magnitude of potential cost shifting can be seen by referring to DWR's most recent revenue requirement draft submission, dated October 19, 2001, of which official notice is taken. The revenue requirement from ratepayers contained in DWR's most recent submission is \$10.189 billion for the twenty-four calendar months of 2001 and 2002.

as set forth in D.01-09-060 or the Commission's consideration of an early suspension date?

7. If any party has in its possession any of the following, please provide:
 - a. Copies of various types of contracts executed or agreements entered into between electric service providers and direct access customers.³
 - b. Copies of various types of contracts or agreements offered but not executed or entered into between electric service providers and direct access customers.⁴
 - c. Copies of blank direct access contracts, not otherwise provided in 7a or 7b.
8. For electric service providers:
 - a. How many contracts have you executed or entered into with direct access customers between January 17, 2001 and September 20, 2001? How much load is contracted for in each of these contracts? Please provide the information by dates of execution.
 - b. What percentage of your total direct access contracts contains any renewal provision? What percentage of your total direct access contracts contains any add-on provision?

Interested parties may file responses to the above questions in written comments. These comments will be due November 2, 2001. These comments shall be filed and served on all parties on the service list for this proceeding by both e-mail and first-class mail. There will also be an opportunity to file reply comments, which will be due November 8, 2001. Reply comments should be

³ Information about the customer (e.g., name, address, etc.) and pricing may be redacted from these copies. Date of execution or signing should not be redacted.

⁴ Information about the customer (e.g., name, address, etc.) and pricing may be redacted from these copies. Any information regarding the dates of the offer should not be redacted.

filed and served on all parties on the service list for this process by both e-mail and first-class mail.

It is my current plan that a decision regarding the above will be issued based on the written comments filed by the parties. If any party believes that an evidentiary hearing is needed, it must make such a request in its comments. The requesting party must set forth in detail what material factual issues are in dispute, why those facts are material, and what evidence would be presented in an evidentiary hearing on such issues.

It is noted that the above matters will also be considered in the prehearing conference scheduled on November 7, 2001 in the ALJ Barnett's Ruling of October 11, 2001. Any additional issues related to the above may be raised at that time.

THEREFORE, IT IS RULED that:

1. Written comments on questions set forth in this Assigned Commissioner's Ruling are due November 2, 2001.
2. Reply comments are due November 8, 2001.

Dated October 23, 2001, at San Francisco, California.

/s/ CARL WOOD

Carl Wood
Assigned Commissioner

APPENDIX A

<http://www.cpuc.ca.gov/PUBLISHED/RULINGS/10600.PDF>

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail, to the parties to which an electronic mail has been provided, this day served a true copy of the original attached Assigned Commissioner's Ruling Regarding Comments on Certain Direct Access Issues on all parties of record in this proceeding or their attorneys of record.

Dated October 23, 2001, at San Francisco, California.

/s/ TERESITA C. GALLARDO
Teresita C. Gallardo

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074,

A.98-07-003 et al. CXW/tcg

TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.